

- c) Insolvency or bankruptcy of the Producer;
- d) if LOL determines in its sole discretion that Producer is failing to properly care for or protect the pigs or any of LOL's property located at the Facilities or otherwise in the possession or control of Producer;
- e) the occurrence of any event which in the opinion of LOL endangers or impairs the pigs or LOL's property;
- f) any representation or warranty made by Producer on behalf of Producer proves to be incorrect or otherwise misleading; or
- g) default by Producer under any other agreement it may have with LOL.

In addition to all other rights and remedies available to it, in the event of default or breach of contract by Producer, LOL reserves the right to:

- a) Give written notice of nonperformance to the Producer and require performance by a given date. If upon the specified date the above notice remains unsatisfied, LOL reserves the right to hire the necessary performance task completed by an outside party and assess all charges against the Producers' compensation payments hereunder.
- b) Take over management of the pigs at the Facilities and deduct all management costs from the compensation payments hereunder. No incentive payments would be made to Producer in this event.
- c) After notice and failure to correct said default, LOL shall have the right to terminate this Agreement and, without further notice and without legal process, to enter upon the Facilities of Producer and (i) remove the pigs from the Facilities, or (ii) if the health or condition of the pigs makes it impractical to remove or market the pigs at that time, to service the pigs at Facility in accordance with LOL standards, all without being guilty of trespass, forcible entry of detainer or other tort. In exercising any of its rights which arise as a result of a default by Producer, LOL may hold Producer liable for all costs thereof, including but not limited to actual expenses for labor and utilities used in servicing the pigs in accordance with this paragraph and reasonable attorneys' fees associated with the exercise of such rights and securing payment for expenses in the exercise thereof. Forbearance to exercise any options under this section with respect to any failure, breach or event of default by the Producer shall not constitute a waiver on the part of LOL of any rights as to any subsequent failure, breach or event of default.

7. Default by Producer; Liquidated Damages

Producer agrees that the damages suffered by LOL as a result of a default by Producer hereunder are difficult to estimate or ascertain. Producer agrees that a reasonable forecast of such damages is one year's Base Payment as per Section B7A hereunder. Accordingly, in the event of a default hereunder by Producer, LOL may terminate this Agreement and Producer agrees to pay upon demand as liquidated damages and not as a penalty, one year's Base Payment as per Section B7A.